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Global Analysis

- Chapter 4.1



International Trade

- Exchange of Good and Services between nations



Comparative Advantage

- The value a nation gains by selling goods that it produces most efficiently.
 - Countries specializing
 - USA – High Tech (computers, machinery), Steel
 - Japan/Korea – Toys, Clothing, Shoes (cheaper labor)



- Quota – QUANTITY limits on imported goods



A map of the Caribbean region with a grid overlay. The USA is labeled in blue at the top left. Cuba is labeled in blue in the center. Haiti is labeled in orange at the bottom right. The word 'EMBARGO' is written in large, bold, red letters across the top, underlined.

EMBARGO

- Total BAN of specific goods coming into and leaving a country
 - Health: Poisoned fruit, pesticide problems
 - Political: End war through economic means
 - Cuba (over 40 year US embargo)
 - Vietnam (lifted in the '80's)
 - Persian Gulf / Iraq

World Trade Organization

- Global coalition of 135 governments that make rules about trade.
 - GATT (General Agreement on Tariffs & Trade)
 - Before WTO.....No real enforcement of agreements, so WTO was formed to settle disagreements



Multinationals

- Large Corporations that operate in several countries
 - GE
 - Microsoft
 - Intel
 - McDonalds
 - More and more are adding subsidiaries



IMPORTS...

- Goods & Services
PURCHASED
from other
countries

EXPORTS...

- Goods & Services **SOLD**
to other
countries



Absolute Advantage

- When a country has special natural resources or talents that allow them to produce an item at the **LOWEST** possible cost (No one else can compare).
 - CHINA.....Silk
 - MALAYSIA.....Rubber
 - BRAZIL.....Coffee

